

CALFED Bay-Delta Program

July 2000 Progress Report

Executive Summary

The CALFED Bay-Delta Program, a consortium of State and federal agencies with responsibilities or authority for natural resources in the Sacramento – San Joaquin Delta, is developing integrated solutions to four sets of interrelated resource management problems focused on the Delta. These four sets of problems relate to water quality protection, ecosystem health, water supply reliability, and levee system integrity.

This report is submitted to update the Legislature on CALFED activities and in response to Assembly Joint Resolution 30 (Resolution Chapter 100, Statutes of 1995). This report supplements earlier reports from the CALFED Bay-Delta Program.

The most important activity in the January to June period was preparation and release of *California's Water Future: A Framework for Action*. This report describes a broad vision for management of water and environmental resources in California. Released on June 9, 2000, it proposes a set of actions, some of which are included in the CALFED Bay-Delta Program and some of which are independent of the CALFED effort. A copy of the *Framework for Action* is attached.

Some of the key items in the Framework for Action include:

- The framework document sets out actions anticipated to be included in a proposed preferred alternative for implementing Stage 1.
- Funding proposals are most specific for the first four years of Stage 1. Cost estimates and cost-sharing projections are preliminary and will be subject to review by the state and federal executives, Congress and the State Legislature.
- The success of all of the elements is dependent upon expanded and more strategically managed storage.
- California taxpayers, stakeholders and the federal government will be called on to invest billions of dollars over the next decade on CALFED programs.
- Expenditure of those funds must be based upon accountability and measurable progress being made on all elements of the program.
- During implementation, the Program will incorporate both a high level of stakeholder participation and, as a central feature, science-based adaptive management.
- Progress will be measured in an annual report issued by the CALFED governing body.

CALFED BAY-DELTA PROGRAM

JULY 2000 PROGRESS REPORT

BACKGROUND

The Bay-Delta system is an intricate web of waterways at the junction of San Francisco Bay and the Sacramento and San Joaquin rivers and the watershed that feeds them. The Bay-Delta is critically important to California's natural environment and economy, supplying drinking water for two-thirds of the people in California and irrigation water for more than 7 million acres of productive farmland. It also supports 750 fish and wildlife species.

In 1994, State and federal agencies agreed to work together, as CALFED, to address several interrelated Bay-Delta system issues concerning environmental health, levee integrity, water quality, and water supply reliability.

CALFED has three basic functions –

- providing a forum for coordination between State and federal water project operations with environmental requirements under the Endangered Species Acts, the Clean Water Act, and the Central Valley Project Improvement Act.
- coordinating ecosystem restoration activities funded under the federal California Bay-Delta Environmental Enhancement Act and Proposition 204.
- developing a long-term plan to restore the Bay-Delta system.

In all three functions, CALFED is working with representatives from California's environmental, urban, business, and agricultural communities.

In June 1999, CALFED released for public review a draft programmatic environmental impact statement/environmental impact report that outlined the CALFED Bay-Delta Program's proposed long-term plan. The CALFED plan – or “draft preferred program alternative” – is a 30-year program to restore ecological health in the Bay-Delta, provide a reliable water supply for all uses, and improve water quality in California.

A final programmatic EIS/EIR is expected to be certified in late July 2000, with a Record of Decision (required by regulations implementing the federal National Environmental Policy Act) expected to be completed in late August 2000. Program implementation will begin once the Record of Decision is completed.

PROGRAM ACTIVITIES AND DEVELOPMENTS – JANUARY THROUGH JUNE 2000.

I. WATER PROJECT COORDINATION WITH ENVIRONMENTAL LAWS.

CALFED agencies continued to coordinate the activities of the State Water Project and the federal Central Valley Project with the requirements of the federal and California Endangered Species Acts, the federal Clean Water Act (and companion State law, the Porter-Cologne Water Quality Control Act), and the federal Central Valley Project Improvement Act.

Formal process. In February, CALFED agencies formalized a process for identifying and resolving potential conflicts between policies and actions to protect fisheries, to protect water quality, and to maintain water supply reliability. This process is described in *California's Water Future: A Framework for Action*, Appendix I.

II. ECOSYSTEM RESTORATION ACTIVITIES.

CALFED staff continued coordination of ecosystem restoration activities funded under the federal California Bay-Delta Environmental Enhancement Act and Proposition 204.

Cumulative statistics. Cumulatively through June 2000, \$284 million has been made available in State, federal, and stakeholder funds for ecosystem restoration activities. These funds have helped finance 268 projects and 9 programs for \$250.6 million, with the remaining \$33.4 million used for administration, contingencies and other miscellaneous activities. 35 of these projects are now completed. Program activities have included improved habitat for fish and wildlife, watershed stewardship, fish screens and water diversions, environmental education programs, water quality studies, pollution prevention programs, and wildlife-friendly farming practices.

2001 Proposal Solicitation. In March, CALFED released a Proposal Solicitation Package (PSP), inviting proposals for ecosystem restoration programs and projects to improve the health of the Bay-Delta ecosystem. The objective of this Proposal Solicitation Package is to solicit and fund actions that implement the CALFED Ecosystem Restoration Program, Strategic Plan, and Multi-Species Conservation Strategy, and to solicit actions that may be funded through the Central Valley Project Improvement Act (CVPIA) Restoration Fund. As noted in the PSP, funding sources could include State funds, federal funds, or some combination of the two. State funds will become available upon certification of a Final Programmatic EIS/EIR. The State Budget Act of 2000 includes an appropriation of \$50.5 million from the Bay-Delta Ecosystem Restoration Account (established in 1996 through Proposition 204) to the Resources Agency for these purposes. Once the final programmatic EIS/EIR is certified, these funds will become available to finance projects from this PSP. Availability of federal funds will depend upon Congressional action to authorize funding and to appropriate funds for these purposes.

III. DEVELOPMENT AND INITIAL IMPLEMENTATION OF THE LONG-TERM CALFED BAY-DELTA PROGRAM.

From January through June, CALFED continued development of the long-term Bay-Delta Program and began preparation for initial implementation of the Program.

Release of draft programmatic EIS/EIR (June 1999). In June 1999, CALFED released a draft programmatic environmental impact statement/ environmental impact report (EIS/EIR) that describes the major features of the “draft preferred program alternative” and – as required by State and federal law – sets forth the anticipated environmental effects of the preferred alternative and other alternatives. Major features of the draft preferred program alternative include significant efforts in ecosystem restoration, levee integrity, water quality protection, and water supply management. From June through September 1999, CALFED received public comment on the draft programmatic EIS/EIR. In August and September, CALFED held sixteen formal hearings throughout the State to obtain the comments and observations of California residents on the preferred alternative and on the environmental impact analysis. By the conclusion of the public comment period, CALFED received just over 10,000 separate comments.

Preparation of final programmatic EIS/EIR. From January through June, CALFED and CALFED agency staff reviewed those comments, made adjustments to the preferred alternative and environmental impact analysis, and prepared responses to all comments. This activity will result in a formal response to all comments, as well as appropriate clarification of the environmental impact analysis and adjustments to the preferred alternative. CALFED agencies expect to release the final programmatic EIS/EIR in late July, 2000.

Allocation of federal funds for federal fiscal year 2000. In March, the Department of the Interior completed its allocation of \$30 million appropriated to the Bureau of Reclamation by Congress for CALFED agency activities for FFY 2000. In summary, the allocations were:

- Evaluation of new fish screens and fish salvage facility at Tracy Fish Facility ..\$6.000 million
- Competitive grants for groundwater/conjunctive use projects\$2.150 million
- Water operations contingency purchases\$10.000 million
- Drinking water quality studies and pilot projects\$2.000 million
- Water use efficiency program development and grants\$2.500 million
- Development of internet site for water transfer information\$0.325 million
- Planning, management and other programs\$6.500 million
- Miscellaneous Expenses and administration\$0.500 million

IV. RELATED ACTIVITIES.

California's Water Future: A Framework for Action. As the review of public comment on the June 1999 draft programmatic EIS/EIR was underway, CALFED agencies assisted the Secretary of the Interior and the Governor's Office in formulating a broad vision for management of water and environmental resources in California. This broad vision, titled *California's Water Future: A Framework for Action*, was released on June 9, 2000. It proposes a set of actions, some of which are included in the CALFED Bay-Delta Program and some of which are independent of the CALFED effort.

Program funding. *California's Water Future: A Framework for Action* sets out a proposed schedule of funding needs for the proposed CALFED Bay-Delta Program over the first seven years of program implementation. Funding to begin implementation of the long-term program and related activities was provided by the State government. As of June 30, 2000, federal funding is pending, in part due to the differing fiscal years of State and federal governments.

- Proposition 13. On March 7, 2000, California voters passed the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (Proposition 13; enacted as AB 1584, Machado; Chapter 725, Statutes of 1999). This \$1.97 billion general obligation bond act authorizes \$250 million in direct funding for CALFED Bay-Delta Program actions, an additional \$180 million for the Interim Water Reliable Supply and Water Quality Infrastructure and Management Program, \$200 million for the Groundwater Storage Program, and \$325 million in other related activities, including water conservation, water recycling, and watershed management programs.
- State Budget Act of 2000. On June 30, 2000, the Governor signed the Budget Act of 2000 appropriating State funds for Fiscal Year 2000-2001 (AB 1740, Ducheny; Chapter 52, Statutes of 2000). The Budget Act appropriated \$261.1 million for CALFED Bay-Delta Program actions. These appropriations are included in the budgets of the Resources Agency, the Department of Water Resources, the Department of Fish and Game, and the State Water Resources Control Board. Expenditure of \$135 million of this amount is contingent upon enactment of a statute certifying that the projects or purposes for which the funds are expended are consistent with the final programmatic EIS/EIR.
- federal Energy and Water Development Appropriations bill for Federal Fiscal Year 2001. In February, the President's budget for federal Fiscal Year 2001 proposed two related actions:
 1. a two-year extension in the authorization for federal appropriations for ecosystem restoration activities in the Bay-Delta watershed through federal fiscal year 2003, with no increase in the total authorized amount of \$429.9 million (this activity was authorized in Title XI of P.L. 104-333); and

2. an appropriation of \$60 million to the Department of the Interior and other participating federal agencies for CALFED Bay-Delta Program activities, with \$36 million to be allocated to ecosystem restoration purposes under the extended authorization and \$24 million for other CALFED activities under other authorizations.

As of June 30, 2000, Congress had not concluded its deliberations on these proposals.

Legislative Hearings. The State Legislature and Congress continued their oversight in the development and implementation of the CALFED Bay-Delta Program and related activities. In addition to considering several legislative measures related to the CALFED Bay-Delta Program, the State Legislature and Congress held several informational hearings on CALFED and related topics, including:

- February 1, 2000. Joint Hearing of Senate Committee on Agriculture and Water Resources (Costa, chair) and Assembly Committee on Water, Parks and Wildlife (Machado, chair). Year 2000 Water Supply Operations Plan.
- February 29, 2000. Joint Hearing of Senate Committee on Agriculture and Water Resources (Costa, chair) and Assembly Committee on Water, Parks and Wildlife (Machado, chair). CALFED Governance and Financing.
- March 30, 2000. House Committee on Resources, Subcommittee on Water and Power (Doolittle, chair). Oversight hearing on the CALFED Program and California Central Valley Project Operations.
- April 4, 2000. Assembly Committee on Water, Parks and Wildlife (Machado, chair). Update on development of CALFED Bay-Delta Program.
- April 24, 2000. Assembly Committee on Water, Parks and Wildlife (Machado, chair). Update on development of CALFED Bay-Delta Program.
- May 9, 2000. Assembly Committee on Water, Parks and Wildlife (Machado, chair). Update on development of CALFED Bay-Delta Program.
- May 31, 2000. Senate Select Committee on CALFED Water Program (Johannessen, chair). Update on development of CALFED Bay-Delta Program.
- June 13, 2000. Assembly Committee on Water, Parks and Wildlife (Machado, chair). Update on development of CALFED Bay-Delta Program.
- June 29, 2000. House Committee on Resources, Subcommittee on Water and Power (Doolittle, chair). Oversight hearing on CALFED.

Legislative audit. At the request of Assemblyman Richard Dickerson and the Joint Legislative Audit Committee, the Bureau of State Audits conducted an audit of land acquisition activities of CALFED and CALFED agencies. The Bureau's report, *California's Wildlife Habitat and Ecosystem: The State Needs to Improve Its Land Acquisition Planning and Oversight*, (June, 2000, Report No. 2000-101) concludes that:

Although the CALFED Bay-Delta Program (Calfed) does not acquire land for these [ecosystem restoration] purposes, it funds projects that may include land acquisition that support its goals for restoring the ecosystem. State entities that do acquire land for environmental purposes include the Department of Fish and Game (Fish and Game), which acquires land to protect rare, endangered, or threatened animals, and the Department of Parks and Recreation (DPR), which acquires land to preserve the natural resources of its park system. Each of the many entities that acquire land has a process for selecting and acquiring land to accomplish its individual mission and objectives, but a uniform statewide process for acquiring such land does not exist.

More importantly, the State does not have an overall policy with goals and objectives for statewide land use that would ensure that the efforts of various entities are coordinated. Although each player identifies the land necessary to fulfill its individual ecosystem restoration objectives, and some degree of formal and informal coordination occurs among state, federal, local, and private entities when acquiring specific properties, no central vision exists of how these efforts benefit the State as a whole.

Additionally, in April, at the request of Representative Doug Ose, the General Accounting Office began a similar audit land acquisitions by federal agencies for wildlife habitat and ecosystem restoration in California. This review includes acquisitions made through CALFED as well as those made independent of CALFED. Audit work was performed at Bureau of Reclamation, Fish and Wildlife Service, Bureau of Land Management and the National Park Service. This audit is scheduled for completion in September 2000.

Bay-Delta Advisory Council. The Bay-Delta Advisory Council (BDAC) is an advisory committee chartered under the Federal Advisory Committee Act (FACA, P.L. 92-463, as amended). BDAC is charged with providing advice to federal agencies (and by extension, State agencies) on the development of long-term solutions to address the underlying causes of problems affecting the Bay-Delta system. The Ecosystem Roundtable and the Delta Drinking Water Council are subcommittees of BDAC.

- BDAC met in February, April, and May to conclude their work in reviewing the June 1999 draft programmatic EIS/EIR. On May 24, 2000, BDAC Chair Mike Madigan and Vice-Chair Sunne Wright McPeak forwarded a letter to Secretary for Resources Mary Nichols and Deputy Secretary of the Interior David Hayes transmitting their recommendations regarding the CALFED Bay-Delta Program, as described in the June 1999 draft programmatic EIS/EIR. This letter sets forth a general recommendation and fifteen specific recommendations.

Several other members of BDAC have indicated their concurrence in these recommendations. In summary, these BDAC members have indicated that:

The Bay-Delta Advisory Council acknowledges that the CALFED Preferred Program Alternative (PPA) is programmatic and thus imbedded in it are many options for implementing the CALFED Bay-Delta Program over the next 20 to 30 years. The Bay-Delta Advisory Council thinks that the PPA as it is written is not sufficient to be a workable solution but contains the framework for an acceptable solution if modified to include more action in Stage 1 and greater specificity of actions that will ensure continuous improvement in ecosystem restoration, water supply reliability, levee system integrity and water quality. The solution must embrace implementation of many programs in each one of the elements, and a commitment to environmental justice.

BDAC's general recommendation is:

The Bay-Delta Advisory Council recognizes that in some important respects the federal Record of Decision (ROD)/state Certification of the CALFED Programmatic Environmental Impact Statement/Environmental Impact Report (EIS/EIR) can only be regarded as the selection of a preferred approach to management of the Delta and its watershed. Potential conflicts among objectives have yet to be fully analyzed and reconciled within the availability of limited resources. Uncertainties in science and technology will require flexibility, and substantial commitments should not be based on highly speculative judgements. The PPA commits to a "through-Delta" conveyance of water for export, and to the pursuit of measures to improve water quality, protection of fish, and to closing the gap between water supply and demand.

The purpose of this recommendation is to suggest that CALFED commit to making the analyses that are needed (a) to develop and better refine the CALFED Solution early in the implementation process, (b) to assure that there is a carefully considered balance and integration among goals that compete for limited water and land resources, and (c) to establish the ground rules and boundaries that will govern implementation of the CALFED Solution.

- The Ecosystem Roundtable, a subcommittee of BDAC, met in February, March, and May. This group provides advice and comment on CALFED ecosystem restoration activities. In this role, the Roundtable provided CALFED staff with advice on the Proposal Solicitation Package and the process for selecting proposed projects.
- The Delta Drinking Water Council, another subcommittee of BDAC, met in January. This group offers comment and advice on approaches for addressing Delta water quality issues, particularly focused on drinking water concerns that are particular to the Delta. This series of public meetings began in November 1999.

CALFED Policy Group meetings. The CALFED Policy Group, a committee of CALFED agency executives, continued their series of meetings to coordinate development of the long-term

CALFED Bay-Delta Program. Beginning in August 1999, these meetings moved to a public setting, and now include participation by members of BDAC. The CALFED Policy Group met in January, February, and April to provide CALFED staff with additional direction on preparation of the CALFED Bay-Delta Program.